

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 2 February 1978 CG NIDC 78/027C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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Approved For Release 2007/03/09 : CIA-RDP79T00975A030500010053-4

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National Intelligence Daily Cable for Thursday, 2 February 1978.

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[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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INTERNATIONAL: Grain Outlook

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//We now believe world grain production in 1977-78 will be about 1,070 million tons, second only to last year's record of 1,115 million tons. We also believe this harvest will be roughly in balance with consumption, which should result in price stability.//

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//US exports of wheat could set a new record in the year ending this 30 June. We are forecasting export demand at 32.4 million tons (1.2 billion bushels), 25 percent larger than a year ago and 3 million tons above our estimate last October. Foreign demand for US corn could also reach a record 43.2 million tons, 900,000 tons above last year.//

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//Our tentative projection for 1978-79 foresees continued strong foreign demand for US wheat and corn. Southern Hemisphere exporters will offer less competition, especially in corn, than in the past. Assuming a Soviet harvest of 205 million tons (an estimate derived from trendline projection) we expect Soviet imports of 20 million - 25 million tons, similar to this year.//

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//In 1978-79, we believe coarse grain stocks for export will shrink, mostly in the US, as a result of lower production and continuing growth in domestic and foreign demand. Wheat stocks will also decline by mid-1979 if world trade exceeds 70 million tons. //

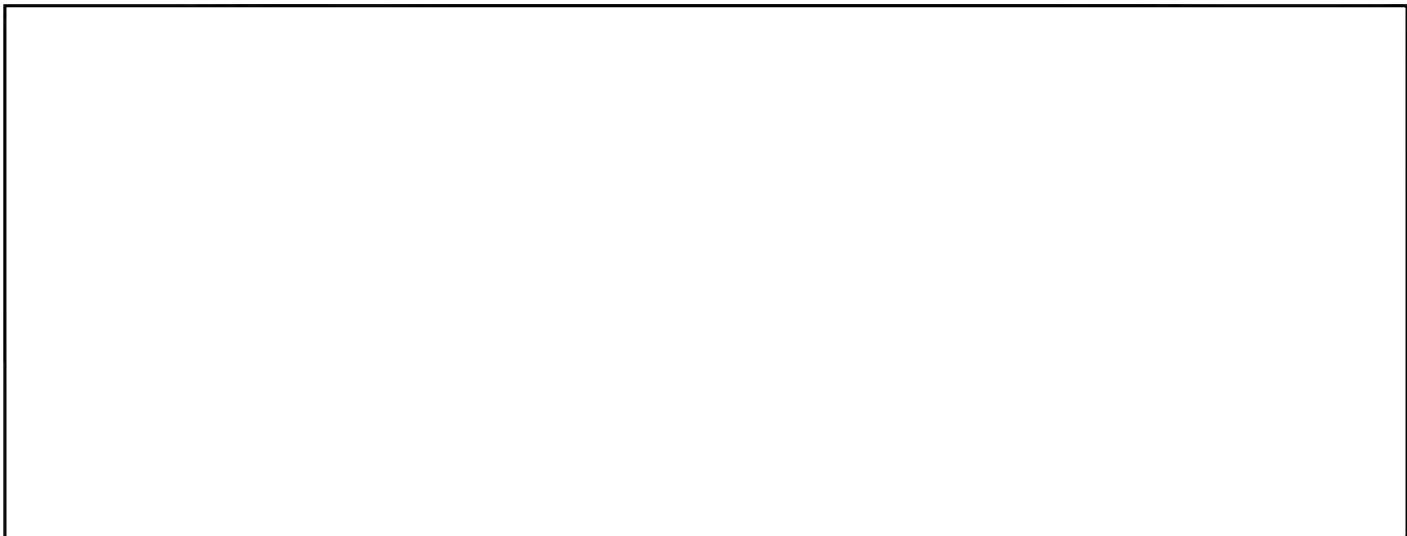
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CHAD: Northern Rebels Strike

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[redacted] Faya-Largeau, the last major government garrison in northern Chad, is expected to fall soon to attacking Muslim rebel Touhou tribesmen. Its loss will be a severe psychological blow to the Chadian Government, but the capital of Ndjamena-- hundreds of kilometers to the south--is not in imminent danger. Chad has requested urgent military assistance from France, the US, and probably Egypt.

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[redacted] The garrison has been under attack since Tuesday night, according to a Chadian spokesman. The rebels reportedly are inside the town. Fighter support and air resupply operations have been ended out of fear of rebel antiaircraft fire, virtually assuring the fall of the garrison.

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[redacted] Two Chadian transport aircraft--one sixth of the country's inventory--were shot down over the weekend near Faya-Largeau. A rescued French pilot believes they were downed by surface-to-air missiles. We cannot confirm that the rebels have such missiles, but they have received Soviet-made antiaircraft guns from Libya.

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[redacted] Libya supports Chad's Muslim insurgents and claims a strip of land inside Chad's northern border. The Chadians and French suspect that Libyan soldiers are assisting the rebels.

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[redacted] Without Faya-Largeau, Chad will be forced to evacuate or surrender its two smaller outposts in the north and leave the region under rebel control. The attack against Faya-Largeau is the first significant action by the rebels since last June and July, when they assumed control of a large portion of northern Chad. The Chadian Government has little capability on its own to retake Faya-Largeau.

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[redacted] The insurgents' success in the north could encourage other rebel groups in eastern Chad--some of which have been negotiating reconciliation with the government--to step up their present low level of activity. The government may withdraw some troops from the east to bolster the capital.

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[redacted] One Chadian official expressed fears to the US Ambassador that the northern rebels will move against the capital in the next few weeks and doubted that it could be held. We cannot discount the possibility of an attack; the French apparently believe that Libya's ultimate aim in Chad is to install a pro-Libyan, Muslim-dominated regime that will facilitate Libyan subversion aimed at Sudan and Egypt. The rebels, however, will want first to consolidate their hold over Faya-Largeau.

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[redacted] France, which has a mutual defense treaty with Chad, may well respond by flying in some fighter aircraft and soldiers. The latter probably would be confined to Ndjamena and be intended as a show of support for the regime. In the present pre-election period, Paris would be extremely reluctant to risk French casualties in any attempt to retake Faya-Largeau.

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[redacted] Chad will expect the US to fulfill immediately its promise of last year to find ways to provide military assistance. The government has exaggerated expectations of what the US can do and will be severely critical if the US does not respond in some visible fashion.

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[redacted] Chad may now press its case against Libya at a foreign ministers' meeting later this month of the Organization of African Unity, and go to the UN if the OAU cannot act. Past efforts by the OAU and Nigeria, among others, to mediate the Chad-Libya dispute have gotten nowhere. [redacted]

SOMALIA: Peace Terms Undefined

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[redacted] The Somali Government has paid little attention to defining what terms it would accept in a political settlement with Ethiopia and continues to reject the idea of even limited Ethiopian sovereignty in the Somali-inhabited Ogaden.

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[redacted] Recent comments by Somali Minerals Minister Hussein Abdulkadir Kassim to the US deputy chief of mission gives some insight into the Somalis' reluctance to begin meaningful negotiations with Ethiopia. Hussein is a confidant of President Siad and is often a special emissary on missions abroad. He said he was speaking for himself, but his views undoubtedly reflect the thinking of Siad's inner circle.

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[redacted] Hussein said he is not aware of any discussions within the government on the shape of a negotiated settlement. He asserted that there can be no return to even nominal Ethiopian sovereignty over the Ogaden and that he cannot envisage any settlement that did not provide for self-determination for ethnic Somalis in the Ogaden.

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[redacted] Referring implicitly to the Ethiopian demand for Somali military withdrawal as a precondition for talks, Hussein rhetorically asked where the forces of the Western Somali Liberation Front--a guerrilla organization consisting mainly of Ogadenis--could withdraw in the event of a disengagement. He pointed out that, as residents of the Ogaden, the guerrillas could not go anywhere else except as refugees. He said the Ogadeni Somalis would be decimated if Ethiopia ever regained control of the region, and they would therefore prefer to die fighting.

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[redacted] Hussein said that even a peaceful Ethiopian reoccupation would lead to an exodus of Somalis from the Ogaden that would overwhelm Somalia with refugees. No Somali government could allow such a situation to develop, nor could it order the guerrillas to retreat. He noted that Soviet and Cuban pressure on Somalia last year to accept an autonomous Ogaden under Ethiopian sovereignty had contributed to Somalia's split with those countries.

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[redacted] Hussein's remarks indicate that Siad's recent offers to talk directly with Ethiopia reflect no basic change in the Somali position. Siad is probably willing to talk, but only

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about arranging a settlement on Somalia's terms. Only a sharp Somali military reversal is likely to force Siad to reconsider.

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NORTH KOREA - USSR - CHINA:

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[redacted] North Korea yesterday issued a government memorandum warning against any plan for international recognition of a divided Korea. Although the North Koreans did not specifically mention the USSR or China, the memorandum seems intended to highlight Pyongyang's concern that its allies might join in a big power settlement that would diminish North Korea's options for achieving eventual reunification. The document also is part of a North Korean effort to seize the propaganda initiative in its competition with the South and may reflect North Korean sensitivities over recent US statements reaffirming the importance of South Korea as an ally.

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[redacted] For several years North Korean propaganda has condemned efforts to have both North and South Korea admitted to the UN and efforts to encourage China and the USSR to recognize the South Korean Government in exchange for diplomatic recognition of North Korea by the US and Japan. North Korea maintains that the government in Seoul is a puppet of the US and that the Pyongyang regime is the sole legitimate government for all of Korea.

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[redacted] The government memorandum does not appear to break any new ground in focusing on the North's firm opposition to a two-Korea policy, but it does raise the level of North Korea's public concern. Pyongyang has issued government memorandums infrequently. Usually, it does so only when major votes on the Korean question are pending in the UN General Assembly or when it wants to draw attention to important government statements, such as the one released in August 1976 that charged that US military activities in and around Korea had brought the situation to the brink of war.

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[redacted] The memorandum mentions only the US and Japan as advocates of "two-Korea plots." But, in what is clearly a thinly veiled reference to Pyongyang's major Communist allies it warns that "any country" that really wants to see the peninsula re-unified "must not in any event be drawn into or respond" to such maneuvers.

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[redacted] If the memorandum is a warning to the Soviets or the Chinese, it is not clear whether it is a preemptive move by North Korea or a response to some recent action by Moscow or Peking.

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[redacted] Kim also met with visiting Soviet Politburo member Kunayev last month, but there was nothing in the public treatment of the visit to suggest that Moscow had pressed Kim on the two-Koreas question.

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[redacted] Pyongyang will closely watch the public response to the memorandum by Peking and Moscow. In the past, China has in general provided greater public support for North Korea than has the USSR. During a visit by Kim Il-song in 1975, Peking went so far as to state publicly that North Korea is the sole legitimate government on the Korean Peninsula, but it has not reaffirmed that statement since Kim's visit. [redacted]

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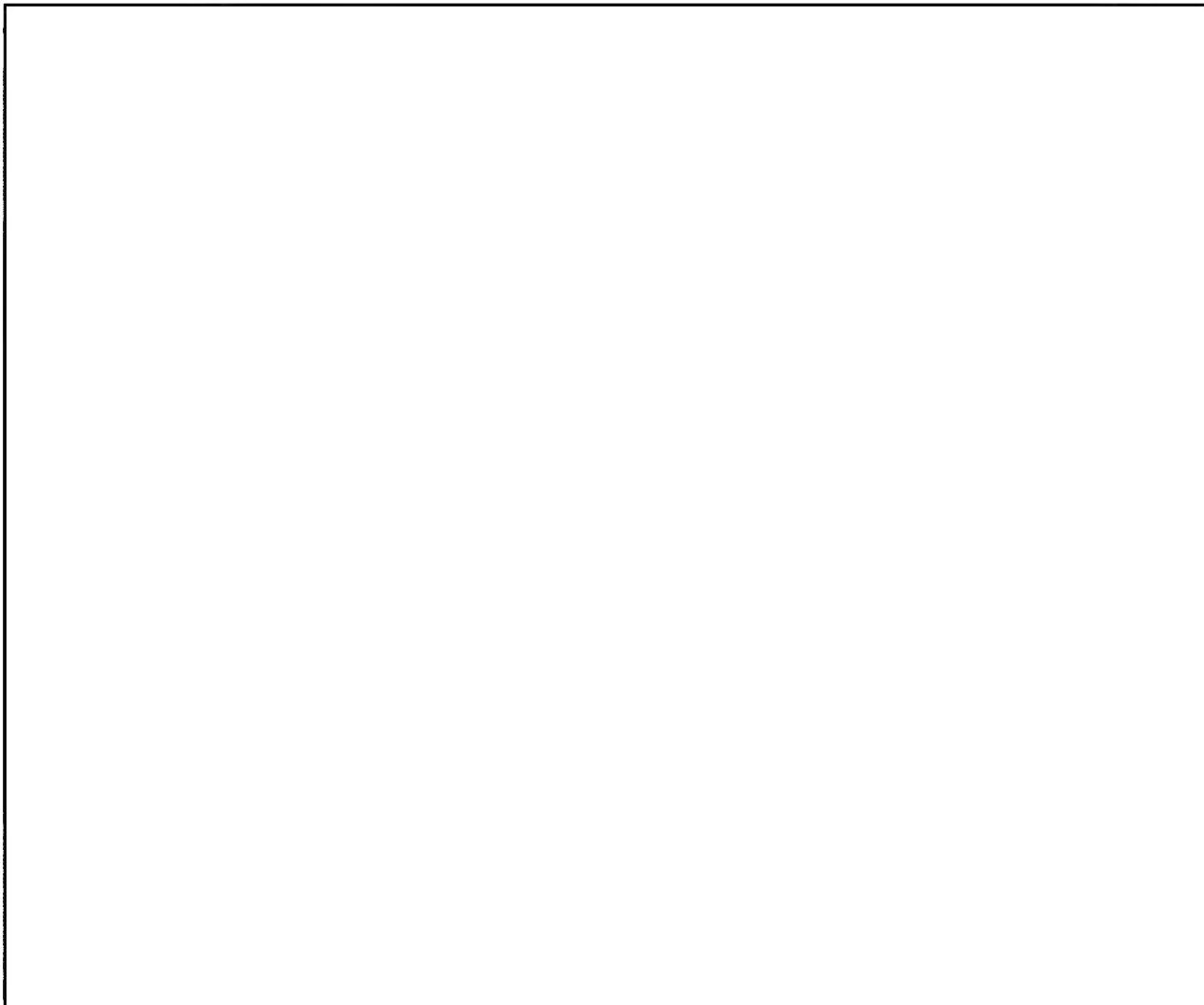
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BRIEFS

Arab States

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//The second summit of hard-line Arab states opposed to Egyptian President Sadat's peace initiative begins today in Algiers. Algerian President Boumediene, Syrian President Asad, South Yemeni party chief Abd al-Fattah Ismail, and probably Libyan President Qadhafi will attend. The Palestinian delegation will represent all shades of opinion and may include Yasir Arafat as well as radical leader George Habbash.//

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25X1 [redacted] //Iraq's refusal to attend the summit means
that chances for producing a meaningful front against Sadat
are slim and that prospects for a Syrian-Iraqi reconciliation
are slight.

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25X1 [redacted] Iraq's announcement
last weekend that it would not attend the Algiers summit appar-
ently caught Syria by surprise. The Syrians had hoped to send
a high-level delegation to Algiers to continue the bilateral
talks but canceled these plans after hearing of Iraq's decision.
[redacted]

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